



Energy Future System Operator

Response form

The consultation is available at: <https://www.gov.uk/government/consultations/proposals-for-a-future-system-operator-role>

The closing date for responses is 28th September 2021

Please return completed forms to:

System Operator Team
Department for Business, Energy and Industrial Strategy
Abbey 1, 3rd Floor,
1 Victoria Street
London
SW1H 0ET

AND

Future System Operation
Office of Gas and Electricity Markets
10, South Colonnade
Canary Wharf London
E14 4PU

Email: futuresystemoperator@beis.gov.uk

Personal / Confidential information

Please be aware that we intend to publish a summary of all responses to this consultation.

Information you provide in response to this consultation, including personal information, may be disclosed in accordance with UK legislation (the Freedom of Information Act 2000, the Data Protection Act 2018 and the Environmental Information Regulations 2004).

Ofgem will publish non-confidential responses (or parts of response) on its website. If you want your response in whole or in part to be considered confidential, please tell us in your response and say why. Please clearly mark the parts of your response that you consider to be confidential, and if possible, put the confidential material in separate appendices to your response.

Please be aware that we cannot guarantee confidentiality in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not be regarded by us as a confidentiality request.

We will process your personal data in accordance with all applicable data protection laws. See our privacy policy.

All responses will be processed by BEIS and Ofgem as this is a joint consultation.

We will summarise all responses and publish this summary on GOV.UK. The summary will include a list of names or organisations that responded, but not people's personal names, addresses or other contact details.

I want my response to be treated as confidential ☐

Comments: [Click here to enter text.](#)

About You

Name: Vicky Bell

Organisation (if applicable): Independent Network Association

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	Respondent type
<input checked="" type="checkbox"/>	Business representative organisation/trade body
<input type="checkbox"/>	Central government
<input type="checkbox"/>	Charity or social enterprise
<input type="checkbox"/>	Individual
<input type="checkbox"/>	Large business (over 250 staff)
<input type="checkbox"/>	Legal representative
<input type="checkbox"/>	Local government
<input type="checkbox"/>	Medium business (50 to 250 staff)
<input type="checkbox"/>	Micro business (up to 9 staff)
<input type="checkbox"/>	Small business (10 to 49 staff)
<input type="checkbox"/>	Trade union or staff association
<input type="checkbox"/>	Other (please describe)

Questions

Chapter 2

Questions in this section relate to

- The case for change

Question 1

Do you agree that net zero will create the need for new technical roles in the electricity and gas systems, and require a new approach to for energy system governance?

A ☒ **Yes** ☐ **No**

B

If not please explain why:

[Click here to enter text.](#)

Question 2

Do you agree that the establishment of a Future System Operator is needed to fulfil the kinds of technical roles needed to drive net zero?

A ☒ **Yes** ☐ **No**

B

If not please explain why:

[Click here to enter text.](#)

Question 3

Do you agree that a Future System Operator should have roles in both the electricity and gas systems?

A ☒ Yes ☐ No

B

If not please explain why:

Question 4

Do you agree that a Future System Operator should be entirely separate from National Grid plc?

A ☐ Yes ☐ No

B

If not please explain why:

We do not have a view about the suitability of National Grid plc, but wish to point out that if it is the *perception* of conflict of interest that is an issue, rather than evidence of conflict of interest, then the issue will remain as long as it is a company owned by private shareholders; and the three ways for inefficiencies to manifest themselves that are listed on page 24 of the consultation paper will also remain applicable. For this reason, and those explained in 4.3 in the paper, we think the corporate body model within the public sector is a better option.

Question 5

What issues are there with existing institutional arrangements in the UK energy system in relation to system-wide decision-making and planning?

Please provide your answer below:

The proposed vision for the future is that of an interconnected energy system and we support that vision for the same reasons that are given in the paper.

From our perspective, there is yet some way to go to achieve it, as although transmission and distribution electricity networks seem to recently have strengthened their collaboration (for example through the Open Networks programme), the collaboration between IDNO and DNO or IDNO and ESO has largely remained unchanged, and is broadly transactional in nature rather than strategic.

This will likely improve however as the INA continues to engage with the regulator on the Full Flexibility Forum, with the ENA on Open Networks, and works towards implementing the new licence condition 7A Whole Electricity System Licence. But we would encourage policy makers to consider the value and the role of independent networks separately going forward, not just include them in considerations about DNOs.

INA members are competitive network companies that connect the majority of new housing developments to the electricity and gas distribution networks across GB. Of the 207,400 new dwellings completed in 2019, independent networks connected 166,458 (80 per cent) to gas and 146,512 (71 per cent) to electricity. Our members also adopt those networks, providing ongoing gas and electricity distribution services. Members currently provide the networks servicing around 3 million homes in GB.

Question 6

What examples/case studies are you aware of where net zero delivery in one part of the energy system did not adequately account for cross-system impacts or costs?

Please provide your answer below:

[Click here to enter text.](#)

Question 7

Where should government focus in our efforts to improve systems thinking and coordination across the energy system?

Please provide your answer below:

We think it is worth reflecting on who is best placed to be the custodian of network capacity. The current connection process and associated practices (such as BCA, determination of POC assets) allocate the balance of it with the DNO, and revisiting this would act in favour of the competition in networks. It should be recognised that IDNO can equally be trusted to develop an efficient, co-ordinated and economical system by making any unutilised electrical capacity available to future end users as they have the same obligation to do so.

Chapter 3

Questions in this section relate to

- What existing, enhanced and new roles and functions we consider a Future System Operator is well placed to take on to drive the transition to net zero.

Question 8

Do you agree that the FSO should undertake all the existing roles and functions of NGESO?

A

☒ **Yes**

☐ **No**

B

If not please explain why:

Yes we agree as there would be little benefit of the FSO existing in conjunction to NGESO.

Question 9

Do you agree there is a case for the FSO to undertake the gas strategic functions outlined in Option 1?

A

☒ **Yes**

☐ **No**

B

If not please explain why:

[Click here to enter text.](#)

Question 10

Do you agree that there is not currently a case for the FSO to undertake all GSO roles and functions, including real time gas system operation, as outlined in Option 2?

A

☐ **Yes**

☒ **No**

B

If not please explain why:

However this should be kept under review as the hydrogen economy develops

Chapter 3- New and enhance FSO roles

Questions in this section relate to

- 3.2 in the FSO Consultation

Question 11

Do you have views on the proposal for an advisory role? What organisations do you consider would benefit from the provision of advice by the FSO?

Please provide your answer below

Our concern is for the FSO to become both judge and party, so as an example, although we see it as is sensible that the FSO will have an opinion about the matters described in the paper, we may propose a slightly different approach than that described by the advisory role, and for the FSO's opinion to be voiced at the same time and on the same terms than other industry parties creating openness and transparency of decisions and adequate consultation.

Who should bear the costs of providing that advice?

[Click here to enter text.](#)

Question 12

Do you have any views on the other areas where we are considering new and enhanced roles and functions for the FSO (outlined in section 3.2)?

Please elaborate:

It is unclear from the consultation the extent of the impact that the FSO would have on the distribution networks and indeed, the paper reports an upcoming review led by Ofgem of the DSO arrangements, and we will be looking forward to the outcomes of it.

In addition, the paper lists as an enabler to the “Heat and transport decarbonisation” function that of “taking account of existing local plans”. Our experience is that these plans exist in various states from one region or council to the other, and that there may be a role for the FSO to step in and helping mobilise the right parties to create such plans. The inclusion of independent distribution networks would be beneficial to assess and plan current and future capacity management.

Chapter 4

Questions in this section relate to

Organisation Design

- The high-level characteristics and detailed attributes which we consider are needed to achieve this, and seeks views on two different organisational models and the extent to which they meet these characteristics and attributes.

Question 13

What are your views on our proposed characteristics and attributes of a future system operator and how the models presented would deliver against them?

Please provide your answer below

[Click here to enter text.](#)

Are there other characteristics or attribute that we have not yet considered?

[Click here to enter text.](#)

Question 14

Are we considering the right organisation models for the FSO? And why?

Please provide your answer below

[Click here to enter text.](#)

Question 15

Are we considering the right elements for the FSO's regulatory and accountability frameworks? And why?

Please provide your answer below

[Click here to enter text.](#)

Question 16

Do you have views on the level of shareholding or control involving other 'energy interests' and the FSO at which a conflict of interest would become a concern?

Please provide your answer below

[Click here to enter text.](#)

Question 17

Are we considering the right implications of our proposals for Elexon and Xoserve?

Please provide your answer below

[Click here to enter text.](#)

Chapter 5

Questions in this section relate to

Implementation

- A preferred high-level approach for implementation of the FSO with the aim of seeking views on how the FSO can best implemented in practice

Question 18

What is your view on the preferred implementation approach?

Please explain why

[Click here to enter text.](#)

Question 19

Based on the areas where we are considering new and enhanced roles and functions for the FSO, which of these should be prioritised for development?

Please explain why

[Click here to enter text.](#)

Question 20

What do you believe are the risks to implementation?

Please provide your answer below

[Click here to enter text.](#)

How can these be mitigated?

[Click here to enter text.](#)

Question 21

Do you have any comments on potential implications of implementation for you, your organisation, or other stakeholders?

Please provide your answer below

The emergence of the FSO and of its functionalities will doubtless have an impact on how we run our energy distribution network businesses, and on what we invest in which is why we would stress the importance of Ofgem and BEIS giving the industry clarity on timing as soon as they are able to do so.

Chapter 6

Questions in this section relate to

Impact assessment

- FSO Impact assessment which is presented alongside this consultation to assess the likely costs, benefits and distributional impacts of the policy options considered

Question 22

What is your view on the position there are likely to be cost savings across the energy system from an increased “whole system” view, as described in paragraphs 50-55 of the IA?

A

Please provide your answer below

[Click here to enter text.](#)

B

If so, is the potential magnitude of savings illustrated fairly in the IA?

[Click here to enter text.](#)

C

If not, why not?

[Click here to enter text.](#)

Question 23

What is your view on the conclusion that policy intervention is likely to increase the benefits of onshore electricity network competition, as described in paragraphs 53-59 of the IA? If you agree, is the potential magnitude of savings illustrated fairly in the IA? If not, why not?

A

Please provide your answer below

[Click here to enter text.](#)

B

If not, why not?

[Click here to enter text.](#)

Question 24

Do you think that the impact assessment has identified and considered the key costs and benefits of policy intervention?

A

☐ **Yes**

☐ **No**

B

If not, can you provide details on other impacts that have not been considered?

[Click here to enter text.](#)

Question 25

Do you think that the distribution of impacts is fairly represented, with impacted groups correctly identified? Outlined in table 5 of the IA.

A

☒ **Yes**

☐ **No**

B

If not, why not?

We agree with the costs described in Table 5. In terms of Benefits, we wish to argue that “Improved trust in SO decisions” cannot be a simple direct result from the creation of the FSO, but rather something that will have to be built in the long term, and based on results that demonstrate competency, transparency and efficiency.

Question 26

We invite respondents' views on whether the proposals for energy system governance reform may have a different impact on people who have a protected characteristic (age, disability, gender re-assignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (gender) or sexual orientation), in different ways from people who don't have that characteristic.

Please provide any evidence that may be useful to assist with our analysis of policy impacts.

[Click here to enter text.](#)

Do you have any other comments that might aid the consultation process as a whole?

Please use this space for any general comments that you may have, comments on the layout of this consultation would also be welcomed.

Independent distribution networks are able and keen to contribute to a stronger shift towards wholesystem and interconnectivity.

Our networks are increasing in size and supply new developments which follow the latest building and planning standards therefor likely to have a high concentration of distributed energy assets.

We believe more can be done to improve competition in electricity networks whilst increasing systems thinking and coordination across the energy system.

We believe the FSO proposal to be sensible at the transmission level, but are yet unclear as to how it will impact the distribution level.

Thank you for your views on this consultation.

Thank you for taking the time to let us have your views. We do not intend to acknowledge receipt of individual responses unless you tick the box below.

Please acknowledge this reply ☐

At BEIS we carry out our research on many different topics and consultations, and your views are valuable to us. Would you be happy for us to contact you again from time to time either for research or about other consultations?

☐Yes

☐No